

Message Text

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TAGS: EEC, ETRD, GSP

SUBJECT: FUTURE DEVELOPMENT OF THE EC'S GSP

REF: A) EC BRUSSELS 9040

B) EC BRUSSELS 8850

1. SUMMARY: THE EC COUNCIL (FEB 10/11) IS EXPECTED TO HAVE AN INITIAL EXCHANGE OF VIEWS ON A RECENT COMMISSION COMMUNICATION OUTLINING THE COMMISSION'S IDEAS ON THE EC'S FUTURE GSP POLICY TO 1980 AND BEYOND. THE DOCUMENT SPELLS OUT A NUMBER OF SPECIFIC IMPROVEMENTS NEEDED BEFORE 1980 TO INCREASE THE EFFECTIVENESS OF THE GSP. BEYOND 1980, THE "SECOND PHASE", DONOR COUNTRIES WILL NEED TO ACHIEVE A MAJOR GOAL-HARMONIZATION OF THE DIFFERENT SCHEMES. END SUMMARY.

2. THE EC COMMISSION HAS PROVIDED US WITH AN ADVANCE COPY OF THE COMMISSION'S LATEST COMMUNICATION TO THE COUNCIL ON THE EC GSP. THE DOCUMENT (SENT TO THE DEPARTMENT BY AIRGRAM) IS ENTITLED "THE FUTURE DEVELOPMENT OF THE EUROPEAN COM-
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MUNITY'S GENERALIZED TARIFF PREFERENCES". IN AGREEING TO

THE REVISED 1975 GSP, A NOV. EC COUNCIL CALLED FOR AN APPRAISAL OF THE FUTURE OF THE SYSTEM. COMMISSION AND MEMBER STATE SOURCES EXPECT THE FEBRUARY 10-11 COUNCIL TO HOLD ONLY A PRELIMINARY AND VERY GENERAL DISCUSSION ON THE SUBJECT:

3. THE COMMISSION DOCUMENT CONTAINS THREE ELEMENTS: A) GSP AS AN INSTRUMENT OF DEVELOPMENT COOPERATION; B) LONG-TERM PROSPECTS; AND C) PROSPECTS UP TO 1980.

A. DEVELOPMENT COOPERATION: THE COMMISSION SEES TWO MAJOR PROBLEMS FOR AN EFFECTIVE GSP. FIRST, GSP REQUIRES INTENSIFIED EFFORTS IN COMPLEMENTARY FIELDS--TRADE PROMOTION, REGIONAL ECONOMIC INTEGRATION, INVESTMENT, ETC., PARTICULARLY IN THE POOREST LDCS. SECONDLY, LDC'S MUST RECOGNIZE CERTAIN OBLIGATIONS SUCH AS RESPECT FOR ECONOMIC AND TRADING DISCIPLINES AND INCREASING ECONOMIC INTERDEPENDENCE.

B) LONG TERM PROSPECTS: GSP WILL BE NEEDED BEYOND THE INITIAL TRIAL PERIOD ENDING IN 1980. THIS "SECOND PHASE" REQUIRES HARMONIZATION OF THE DIFFERENT SCHEMES APPLIED BY THE INDIVIDUAL DONOR COUNTRIES. DIVERGENCE OF DONORS' SCHEMES REDUCES EFFECTIVE UTILIZATION OF GSP BY THE BENEFICIARY COUNTRIES. THUS, THE MOST IMPORTANT CANDIDATE FOR SUCH HARMONIZATION, IN THE COMMISSION'S VIEW, WILL BE THE LIST OF BENEFICIARY COUNTRIES. THE COMMISSION STRESSES THE NEED FOR DONOR COUNTRIES TO ESTABLISH OBJECTIVE ECONOMIC CRITERIA AS A BASIS FOR THE EVOLUTION OF THE LIST. IN ADDITION, MARGINS OF PREFERENCE, PRODUCT COVERAGE, SAFEGUARD MECHANISM, AND RULES OF ORIGIN ALSO NEED TO BE HARMONIZED.

C) THE PROSPECTS UP TO 1980: THE COMMISSION BELIEVES THAT BETWEEN NOW AND 1980 THE COMMUNITY'S EFFORTS SHOULD CONCENTRATE ALONG THREE MAIN LINES: INCREASED UTILIZATION, BETTER ADMINISTRATION AND APPROPRIATE IMPROVEMENTS. TO INCREASE UTILIZATION THE COMMISSION URGES GREATER EFFORTS IN INFORMATION AND TRADE PROMOTION--TO EXPLAIN THE SYSTEM AND ITS OPPORTUNITIES OVERSEAS AS WELL AS WITHIN THE EC--TOGETHER WITH ESTABLISHMENT OF A NEW AGENCY TO PROVIDE DOCUMENTATION, INFORMATION, ADVICE AND CERTAIN TRADE PROMOTION ACTIVITIES AGREED TO WITH THE BENEFICIARY COUNTRIES. BETTER ADMINISTRATION REQUIRES GREATER COOPERATION BETWEEN LIMITED OFFICIAL USE

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NATIONAL ADMINISTRATIONS OF THE MEMBER STATES AND COMMISSION OFFICIALS, PARTICULARLY ON STATISTICS, AND MORE AUTHORITY FOR THE COMMISSION TO ADJUST TECHNICAL ASPECTS OF THE SCHEME. CONTINUING IMPROVEMENT OF THE EC SCHEME IS POSSIBLE PROVIDED SUCH IMPROVEMENTS ARE CAREFULLY ADAPTED TO THE EC'S REAL ECONOMIC POSSIBILITIES AND TO THE DIVERSITY OF DIFFERENT SECTORS OF ITS ECONOMY.

4. SPECIFICALLY, BETWEEN 1975 AND 1980 THE COMMISSION SUGGESTS THAT IMPROVEMENT AND ADAPTATION OF THE SCHEME INCLUDE:

- 1) INCREASED EFFORTS TO HELP THE POOREST BENEFICIARIES (ENLARGED COVERAGE OF PROCESSED AGRICULTURAL PRODUCTS, DEEPER MARGINS OF PREFERENCE FOR SUCH PRODUCTS ALREADY COVERED, AND RELAXED CUT-OFFS FOR INDUSTRIAL PRODUCTS SUBJECT TO CEILINGS.)
 - 2) ASSISTING INDUSTRIALIZATION PROGRAMS OF REGIONAL ECONOMIC GROUPINGS
 - 3) BETTER BENEFIT SHARING AMONG BENEFICIARIES ALONG THE LINES OF THE 1975 INNOVATIONS
 - 4) SIMPLIFICATION (END THE ANOMALY OF A 'NON-SENSITIVE' SYSTEM OF CEILINGS; END TARIFF QUOTAS BY MAKING ALL SENSITIVE AND SEMI- SENSITIVE PRODUCTS SUBJECT TO CEILINGS WITH DIFFERING DEGREE OF SENSITIVITY; MORE FLEXIBLE, GENERAL SYSTEM OF CALCULATING CEILINGS).
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